



Policy Statement

TO: Hospital Administrators
Hospital CFO's
Consultants

FROM: Sonia D. Chambers, Chair 

DATE: December 31, 2002

RE: Policy Statement 2002-2
Exemption for Financially Vulnerable Hospitals

West Virginia Code 16-2D-5(m) provides the Health Care Authority (Authority) the authority to exempt from rate review and annual assessment requirements certain hospitals which are "financially vulnerable...[and are] located in underserved areas." In addition, the Health Care Authority and the Office of Rural Health must determine that the hospital is collaborating with other providers in the service area to provide cost effective services.

Currently the Authority exempts critical access hospitals from rate review and annual assessments. In adopting this policy, the Authority has provided significant relief to hospitals in the state that are among the most fragile. Recently, the Authority has identified other non-critical access

hospitals which are equally vulnerable and meet the criteria of W. Va. Code §16-20-5(m).

To provide administrative relief to this group of hospitals, the Authority has established the following criteria for exemption:

- The hospital must be identified as "financially vulnerable" as defined by the Authority utilizing financial ratios for the most recent three (3) year fiscal periods;
- The hospital must be located in a county which is designated as medically underserved in it's entirety; and,
- The hospital must be a 501(c)(3), tax-exempt, not for profit hospital.

This exemption is granted for two years and may be continued beyond that time period if the hospital meets the above criteria and remains compliant with financial disclosure requirements. If the hospital becomes delinquent in compliance with financial disclosure requirements, the exemption may be revoked.

These hospitals are also exempt from filing discount contracts and annual assessments.

The Authority will not waive penalties for these hospitals which are currently being held in abeyance and the hospitals are encouraged to continue participating in the Penalties in Abeyance Reduction Plan.